

SCOTTISHPOWER/PACIFICORP MERGER

On 7 December, 1998, PacifiCorp announced its intention to merge with ScottishPower, a leading United Kingdom multi-utility company. The merger required approval from company shareholders, the Federal Energy Regulatory Commission, the Security Exchange Commission, and all seven states PacifiCorp operates in. The merger was also examined by the United Kingdom's Department of Trade and had to meet federal anti-trust requirements in the United States.

The merger was examined by Utah regulators in order to ensure that it was in the best interests of PacifiCorp ratepayers. The Committee of Consumer Services participated in the process on behalf of small consumers. The Committee raised concerns regarding the potential impact on rates, financial risk, customer service, reliability, loss of local representation, and other areas. The Committee testified that, absent an agreement to immediately reduce rates for Utah customers, it would oppose the merger.

Negotiations involving the Committee, the Division of Public Utilities and the two companies resulted in a settlement agreement saving Utah retail customers \$48 million over a four-year period, or \$12 million annually. This 1.7% decrease reduced the average customer's annual bill by about \$8.25.

Other benefits from the merger include commitments by ScottishPower to:

- improve system reliability (reduce the frequency and duration of power outages);
- contribute \$1.5 million to Utah low-income programs;
- make cash payments to compensate customers for failures to fulfill service promises;
- develop renewable resources meeting cost-effectiveness criteria; and
- increase PacifiCorp's efficiency rating to a level within the top 10% of all electric utilities.

In its Order on 30 November, 1999, the Public Service Commission accepted the settlement agreement and approved the merger.